

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF BLUE GRASS ENERGY	)	
COOPERATIVE CORPORATION FOR APPROVAL	)	CASE NO.
OF THE CONVERSION OF CFC NOTES 9020-001, 9020-002,	)	98-295
9020-003, 9021-001, 9021-002, 9014 AND 9015 FROM THE	)	
VARIABLE TO FIXED RATE LOANS	)	

ORDER

IT IS ORDERED that Blue Grass Energy Cooperative Corporation ("Blue Grass") shall file no later than August 17, 1998 an original and 8 copies of the following information with the Commission, with a copy to all parties of record.

1. Identify the case number and date of the final Order where the financing was originally approved by the Commission for each loan Blue Grass is proposing to convert.
2. Provide the Board of Directors' Resolution approving the loan repricings requested in this case.
3. Provide a copy of the information from the National Rural Utilities Cooperative Finance Corporation ("CFC") which shows the fixed and variable loan interest rates for the most recent period available.
4. Based on the most recent interest rate information available, provide the following for each loan to be repriced:
  - a. The interest rate option selected.

- b. Current interest rate.
- c. Performance discount.
- d. Effective cost.
- e. The current interest rate for the fixed rate option.
- f. Savings associated with conversion.

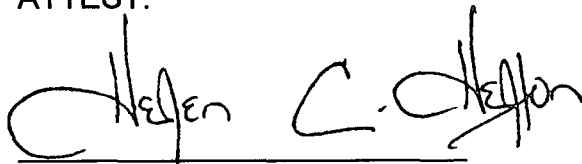
5. Explain how Blue Grass decided that it was economically advantageous to refinance its loans and when the decision was made for each loan. Provide copies of any studies performed to determine the benefit of refinancing.

6. Explain the repricing options that will be available for each loan at the termination of the selected option. Provide a copy of the current CFC policy on loan repricing.

7. Does the repricing requested in this proceeding require a change in the mortgage agreement with CFC? If yes, provide a copy of the mortgage agreement highlighting the parts of the mortgage agreements which have changed. If no, provide a copy of the applicable section of the current CFC mortgage agreement which allows the repricing.

Done at Frankfort, Kentucky, this 3rd day of August, 1998.

ATTEST:

  
Executive Director

PUBLIC SERVICE COMMISSION

  
For the Commission